2012

SMALL BUSINESS, BIG IMPACT

ALBERTA SMALL BUSINESS PROFILE

Alberta
Government

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PREFACE

As many parts of the world continue to navigate challenges from the global recession, Alberta's economy is back on the upswing. In 2011, Alberta's real Gross Domestic Product (GDP) grew by 5.2 per cent, and is expected to expand in 2012 by another 3.8 per cent.[1]

This has meant new opportunities for small businesses across the province. In Alberta, a small business is defined as a business having fewer than 50 employees. Small businesses continue to dominate the entrepreneurial landscape, making up 96 per cent of all businesses in the province.

Small businesses are found in every region of Alberta, contributing to employment and local incomes, and helping enhance the quality of life in their communities. They are particularly vital for Alberta's resource sectors, providing a range of goods, services and specialized technical skills to larger firms. Small businesses serve as essential links in the chain for construction, oil sands, and other large-scale projects, filling diverse roles to make these projects possible.

Despite a difficult economic climate in recent years, small businesses have held steady in their numbers. This is a testament to their adaptability, and to the unyielding spirit of their owners, managers and employees.

The *2012 Small Business, Big Impact: Alberta Small Business Profile* provides useful statistics about the contributions made by small business to the provincial economy. It also illustrates how small businesses have evolved over the past five years, and explores the unique roles they play in some of Alberta's important and growing industries.

1 Alberta Treasury Board and Finance estimate. Alberta Treasury Board and Finance. (2012). *2012-13 First Quarter Fiscal Update and Economic Statement*. Government of Alberta.

HIGHLIGHTS

Small in size, strong in numbers

Small businesses make up 96 per cent of all businesses in Alberta. In 2011, there were 143,158 small businesses.

A powerful economic engine

In 2010, small businesses in Alberta generated the highest GDP per capita among all Canadian provinces, and dramatically outperformed the Canadian average.

Major provincial employers

Alberta's small businesses are responsible for 36 per cent of all private sector employment in the province.

Gross Domestic Product

Small businesses contribute 27 per cent of the province's Gross Domestic Product.

An attractive climate

Between 2001 and 2011, the number of small businesses in Alberta increased by nearly 12 per cent – the second highest growth rate in Canada.

1 SMALL BUSINESSES IN ALBERTA

Small businesses are a crucial part of Alberta's economy. They provide vital goods and services to a wide range of industries and consumers, helping our province grow and expand. Many small businesses play essential roles in supporting the work of large companies, including those involved in resource development. Agile and innovative, small businesses are a testament to Alberta's entrepreneurial spirit.

For the purposes of this publication, a small business is one that has between one and 49 employees.[2] Alberta is home to thousands of these businesses, in communities across the province.

Alberta also has many self-employed individuals. To the extent these individuals do not have paid employees, they are considered distinct from small businesses.

Despite facing a recession in 2009, Alberta's small businesses have been resilient, demonstrating their ability to readily adapt to shifting economic conditions. Small businesses continue to make substantial contributions to provincial GDP, and remain vital employers of over a third of Alberta's private sector workforce.

With an economic rebound now underway in the province, small businesses are well positioned to seize opportunities and help power Alberta's continued growth.

Alberta's small businesses have been resilient, demonstrating their ability to readily adapt to shifting economic conditions.

2 Statistics, tables and figures in this document are based on this definition, unless stated otherwise.

Small businesses are overwhelming in their numbers

Small businesses continue to comprise the vast majority of businesses in the province. In 2011, ninety-six per cent of all businesses in Alberta had fewer than 50 employees. Among small businesses, "micro-businesses" continue to be the most prevalent. These are small businesses with between one and four employees. Micro-businesses make up nearly two-thirds of Alberta's small businesses.

This proportion is unchanged from the previous year. However, the total number of small businesses in Alberta decreased year-over-year, while the number of medium and large businesses increased.

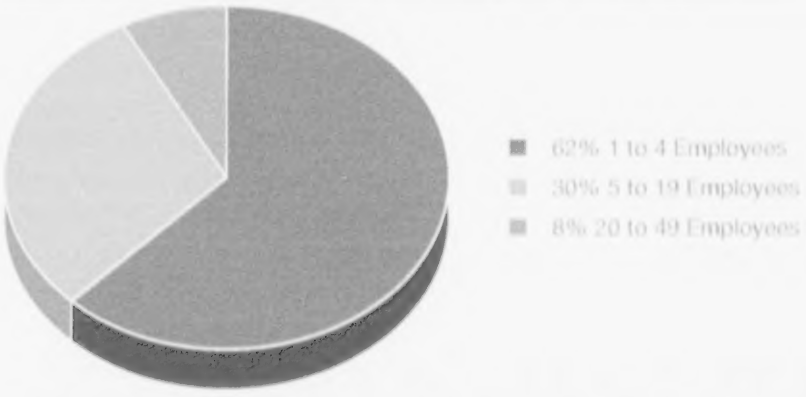
TABLE 1
Number of Businesses, Alberta, 2011

	# of Businesses	% of Total
Total Small Businesses	143,158	96%
Total Medium & Large Businesses	6,678	4%
Total All Businesses	**149,836**	**100%**

Source: Statistics Canada (Canadian Business Patterns)

This is likely attributable in part to Alberta's rebounding economy. Some small businesses may have expanded with the economy, adding employees and growing out of the "small business" category. Others may have been acquired by larger businesses.

FIGURE 1
Share of Number of Small Businesses, by Employee Size

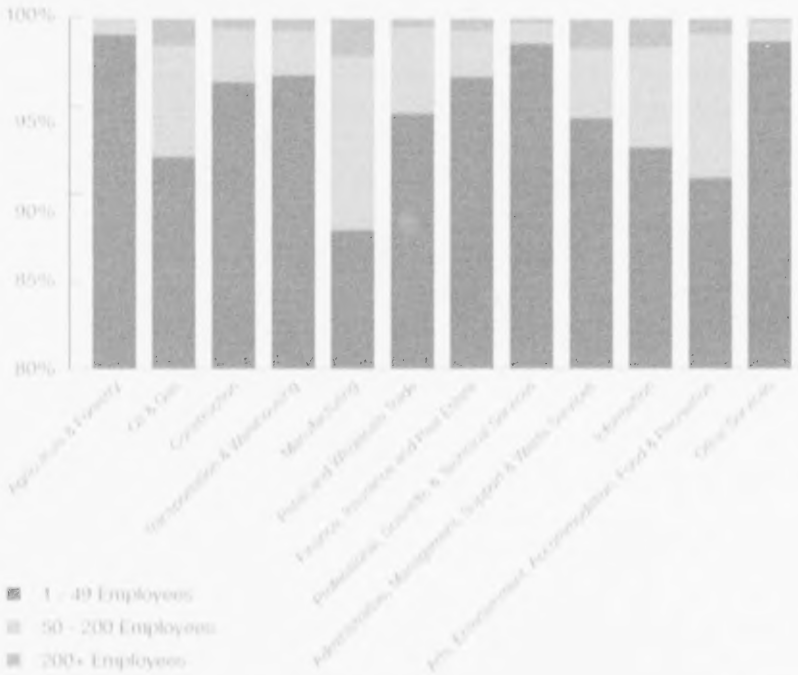


Source: Statistics Canada (Canadian Business Patterns)

Small businesses remain predominant across Alberta's economy, representing no less than 88 per cent of the businesses in each industry. A notable change from 2010, a larger proportion of businesses in professional, scientific and technical services in 2011 were small businesses. This likely reflects increased opportunities in this sector as a result of new investments in resource development, as Alberta has returned to a period of economic growth.

FIGURE 2

Percentage of Businesses by Enterprise Size by Industry in Alberta, 2011



Source: Statistics Canada (Canadian Business Patterns)

Alberta is a leader in small business growth

Our province remains one of the top jurisdictions in Canada for growth in the number of small businesses. Between 2001 and 2011, there were 15,288 new small businesses created in the province – an increase of almost 12 per cent.[3] Over the past decade, Alberta's favourable business climate, competitive taxes and considerable opportunities have made the province an attractive place to invest and start a small business.

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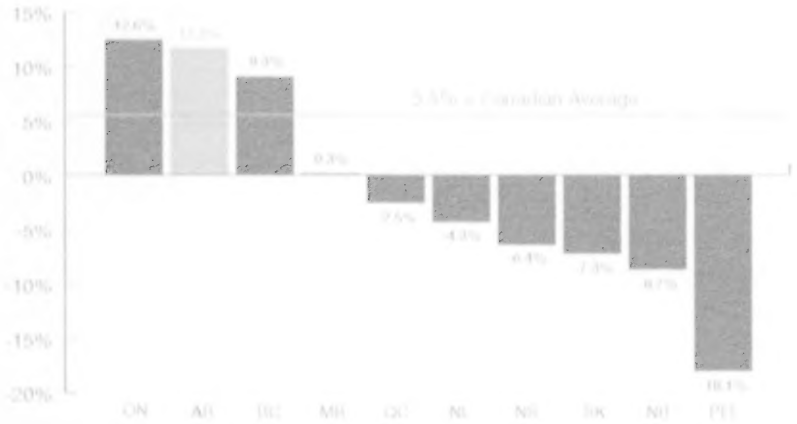
FIGURE 3

Small Business – Cornerstone of the Economy 2001-2011
[Percentage Change in Small Business Establishments (Less than 50 Employees)]



Source: Statistics Canada (Canadian Business Patterns)

Overall business creation in Alberta has shifted in favour of smaller enterprises. Micro businesses have been responsible for most of Alberta's small business growth. In the past five years, the number of micro businesses has increased by nearly seven per cent. Over the same period, businesses with 20 or more employees have experienced double digit decreases in their growth rates.

TABLE 2

Net Growth in Number of Businesses 2006 to 2011

Number of Businesses, Alberta 2011	# of Businesses	Growth Rate
Total Small Businesses	3,854	2.8%
Businesses with 1 to 4 Employees	5,656	6.8%
Businesses with 5 to 19 Employees	643	1.5%
Businesses with 20 to 49 Employees	(2,445)	-18.7%
Total Medium & Large Businesses	(1,965)	-22.7%
Total All Businesses	**1,889**	**1.3%**

Source: Statistics Canada (Canadian Business Patterns)

3 Source: Statistics Canada (Canadian Business Patterns)

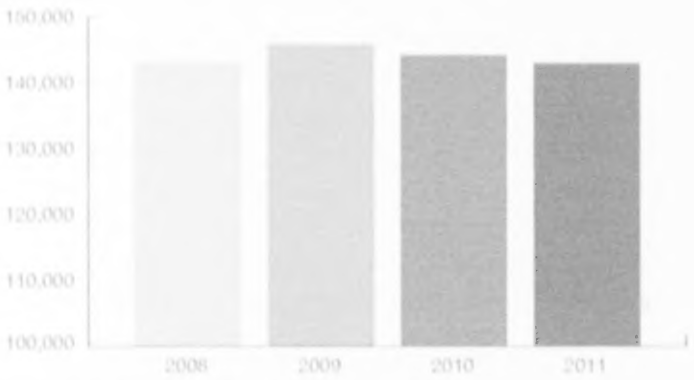
Even though Alberta felt the effects of the global recession, small businesses in our province withstood these effects. The number of small businesses held relatively stable, even through the economic downturn.

At the height of the recession in 2009, there was a brief peak in the number of small businesses. At that time, a number of Albertans were experiencing changes in their employment situations. Many turned to starting small businesses as an alternative. In addition, some medium-sized businesses may have reduced their workforces to fewer than 50 employees, placing them in the "small business" category temporarily.

As Alberta's economy has rebounded, the number of small businesses has gradually returned to previous levels. This may be a result of a number of small business owners securing jobs with other companies or some small businesses may have wound up or merged their operations with other firms.

FIGURE 4

Number of Small Businesses in Alberta, 2008-2011



Source: Statistics Canada (Canadian Business Patterns)

Alberta's economic growth has created opportunities for small businesses

Nearly one third of Alberta's small businesses are in the construction and professional services industries.[4] This is a direct reflection of Alberta's strength in resource development and the associated economic activity induced by that development.

Compared to 2010, small businesses now account for a larger share of businesses in the professional, scientific and technical services industry. This is consistent with Alberta's return to economic growth and new investments made in energy development. Large energy companies often turn to small businesses for a variety of technical services. And engineers, scientists, and technologists often work in small consulting firms that service multiple clients.

4 For the purpose of this publication construction industry means the architecture, engineering and construction industry and professional services industry means professional, scientific and technical services industry.

As the economy has rebounded, the province has realized increases in residential, commercial and industrial construction.

A large number of small businesses are also found in retail and wholesale trade, again a reflection of Alberta's growth. Albertans enjoy the highest average weekly earnings in Canada, giving them a considerable amount of purchasing power. Retail and wholesale trade has also been boosted by commercial and industrial investment in the province, creating significant opportunities for small businesses.

The growth of small business in the professional, scientific and technical services industry can also be seen in terms of employment. In 2011, small businesses in this sector employed 12 per cent of all small business employees in Alberta, an increase from 11 per cent the previous year.

Small businesses in other sectors are strong contributors to employment, relative to their numbers. For example, only seven per cent of Alberta's small businesses are in arts, entertainment, accommodation, food and recreation; but they account for 15 per cent of all small business employment. Similarly, only three per cent of small businesses are in manufacturing, but represent seven per cent of small business employment. Alberta's manufacturers are often among the largest of Alberta's small businesses.

FIGURE 5
Proportion of Small Businesses in Alberta by Sector, 2011

Source: Statistics Canada (Canadian Business Patterns)

FIGURE 6
Share of Small Business Employees in Alberta by Sector, 2011*

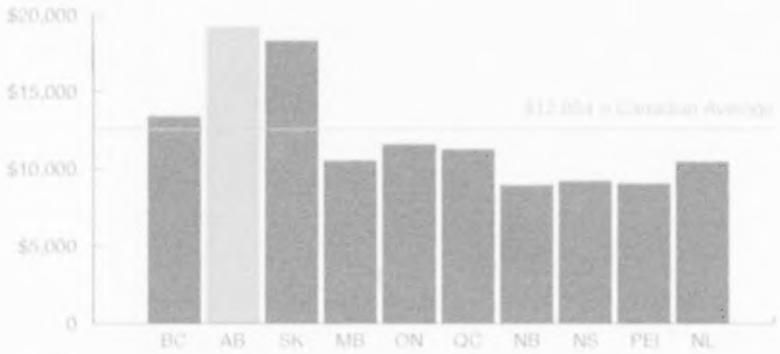
Source: Statistics Canada (Survey of Employment, Payrolls, and Hours (SEPH))

*Agriculture statistics unavailable

Alberta's small businesses generate the highest GDP per capita in the country

All together, our province's small businesses are a powerful economic engine. In 2010, small businesses in Alberta generated the highest GDP per capita among all Canadian provinces. This is especially impressive when you consider the substantial economic output of large resource development companies in our province, which heavily influence Alberta's GDP. Rather than be eclipsed, small businesses make an impressive mark on the economy, contributing 27 per cent of provincial GDP and far exceeding the Canadian average in terms of GDP per capita.

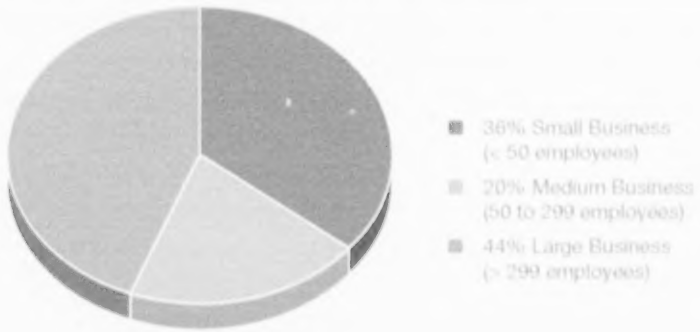
FIGURE 7
Small Business GDP per Capita by Province, 2010



Source: Statistics Canada, BC Stats

Alberta's small businesses also do heavy lifting in terms of job creation. Over a third of all private sector employment is attributable to small business. Again, this figure is compelling when set against the backdrop of Alberta's significant energy industry and its many large firms that employ thousands of Albertans.

FIGURE 8
Share of Total Employment in Alberta, 2011



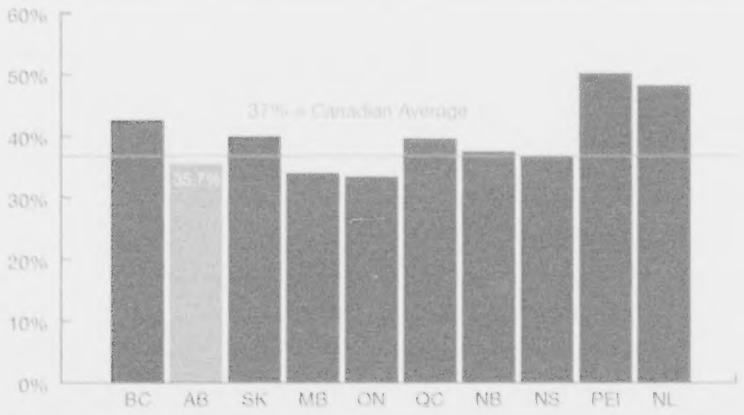
Source: Statistics Canada (SEPH)

In 2010, small businesses in Alberta generated the highest GDP per capita among all Canadian provinces.

Albertans are entrepreneurial in spirit, creating businesses at a proportionally higher rate than the rest of the country.

FIGURE 9

Small Business as a Percentage of Private Sector Employment by Province, 2011

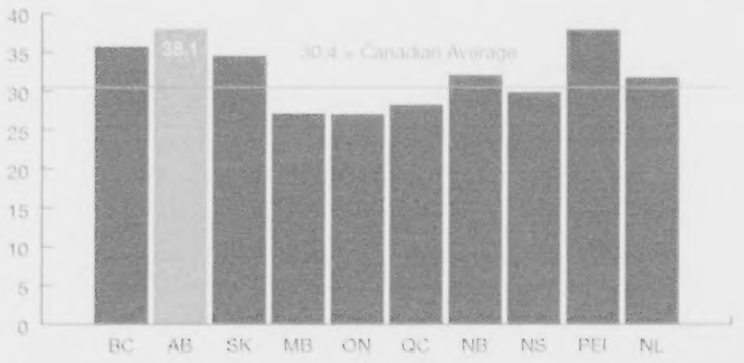


Source: Statistics Canada (SEPH)

Alberta now leads the country in the number of small businesses per 1,000 people. This is a testament to Alberta's reputation as an attractive place to invest and do business. It also reflects the significant and diverse economic opportunities in our province, which continue to attract people from across Canada and around the world.

FIGURE 10

Number of Small Businesses per 1,000 People, by Province, 2011



Source: Statistics Canada (Canadian Business Patterns)

Young workers find opportunity with small businesses

Small businesses in Alberta continue to carve out a role as a "proving ground" for younger workers. Small businesses have a larger share of young workers compared to medium and large businesses. Over 22 per cent of employees in small businesses are under 24 years of age, compared to only six per cent in companies with more than 500 employees.

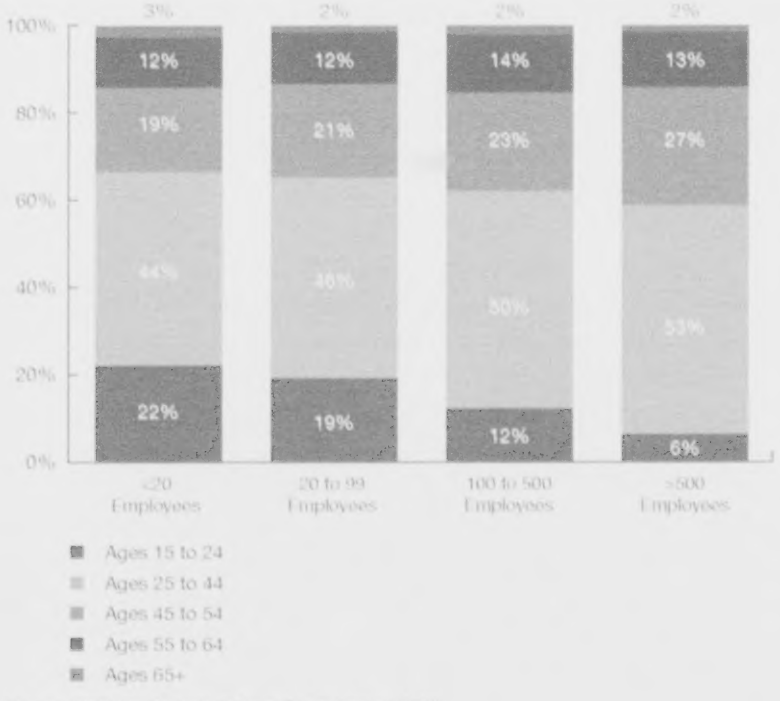
This is partly a reflection of business needs. Larger businesses tend to be more knowledge based and require employees with higher levels of education and experience. It is also a reflection of larger business' capacity to competitively recruit and retain skilled and experienced workers.

Small businesses have become even more important for employment of Alberta's youth. In many ways, they are serving as the "farm teams" for larger companies, providing younger workers with important experience and skill-building opportunities they might not otherwise be able to access.

Interestingly, small businesses have realized an increase in their share of mature employees. In 2011, almost three per cent of small business employees were aged 65 or older, up from two per cent in 2010. This may signal the beginning of an evolution in how mature workers participate in the workforce. As members of the baby boom generation retire from their current careers, they may choose to work for small businesses, which often can provide more flexible work arrangements.

FIGURE 11

Age Structure of Employment by Enterprise in Alberta, 2011



Source: Statistics Canada (Labour Force Survey (LFS))

P&G Kitchens

DEBOLT, ALBERTA

They say the kitchen is the heart of the home. For P&G Kitchens, it's the heart of small business success.

When they founded their business in DeBolt in 1978, Peter Scharf and Glenn Gerow saw an opportunity in the marketplace. When residents in the vast Peace River Country wanted to develop or renovate their kitchens, they were underserved. Peter and Glenn sought to fill that gap, and travelled throughout the district offering quality cabinet sales, installation and service.

P&G Kitchens has now risen to become the largest cabinet supplier in the Peace River Country. The company has a 24,000 square foot facility and showroom located in DeBolt, which is 60 kilometers east of Grande Prairie and 400 kilometers northwest of Edmonton. The company's workforce has also expanded to 23 employees.

Peter and Glenn have worked hard to stay competitive. By conducting ongoing research and traveling to international design and woodworking shows, they've kept pace with technical innovations, and emerging styles and trends. P&G Kitchens has also developed a "state of the art workshop" that includes CNC automated machinery from Germany and Italy. This is enabling the small company to compete with global firms.

The company's location also helps. "Our proximity to our Peace River Country customers allows us convenient and speedy sales and service," says Peter. "And our use of technology and transportation logistics makes it viable to operate on a larger scale in a small rural community."

Recognizing the competitiveness of their products and services, Peter and Glenn decided to build on their success. In 1998, P&G Kitchens opened a showroom in Edmonton, to offer its product to more residents of northwestern Alberta.

"We're dedicated to service and convenience, and we've learned that the best relationships begin face to face," says Peter.

www.pgkitchens.com

2 KEY INDUSTRIES IN FOCUS

In this section we take a closer look at some of Alberta's key industries including: manufacturing; architecture, engineering and construction; transportation; and tourism. These industries play a significant role in Alberta's economy and small businesses are a key player.

Manufacturing

Despite facing tough challenges during the global recession, Alberta's manufacturing sector has continued to grow. Between 2001 and 2011, economic activity in this sector increased 21.3 per cent. This makes Alberta a bright spot for manufacturing in the country. Over the same time period, on a Canada-wide basis, manufacturing output fell by 10 per cent.[5]

The manufacturing sector is a great example of Alberta taking raw commodities and fashioning them into higher-value products, creating additional jobs and income for Albertans. Alberta's manufacturers generate a range of finished components such as fabricated metals, electronics and machinery. Between 2001 and 2011, the value of manufacturing shipments increased by over 55 per cent, to $70.9 billion.[6]

In 2011, 89 per cent of all manufacturing businesses in Alberta were small businesses.

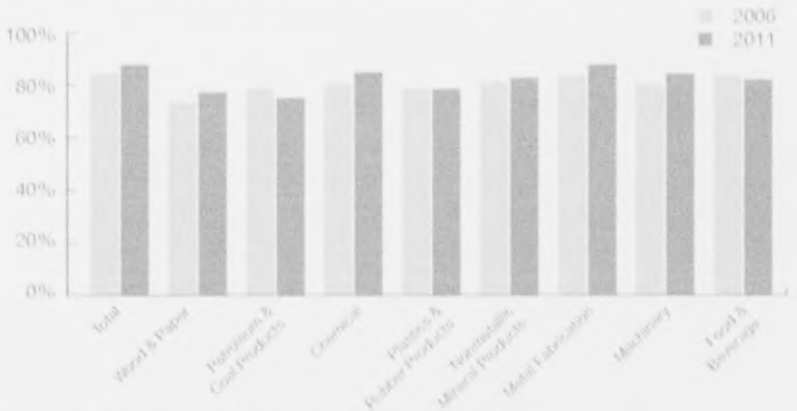
This strength translated into plenty of opportunities for Alberta small businesses, which comprised 89 per cent of all manufacturing businesses in Alberta in 2011.

5 Alberta Enterprise and Advanced Education. (2012). *Highlights of the Alberta Economy*. Government of Alberta.

6 *Ibid*

FIGURE 12

Small Businesses as a Percentage of Manufacturing Industry in Alberta



Source: Statistics Canada (Canadian Business Patterns)

Over a third of small manufacturing businesses are involved in producing machinery and fabricating metals. This is a reflection of Alberta's significant energy industry. Many products from these manufacturing firms are destined for oil sands plants, drilling rigs, upgraders and other processing facilities.

Given continued strength in resource prices, it is not surprising that the number of small businesses in these two sub-sectors has remained stable between 2006 and 2011.

During the same five year period, by contrast, all other manufacturing sub-sectors saw decreases in the number of small businesses. This is due in no small part to the global recession. As well, economic challenges in the United States have lowered demand for manufactured products. For example, a weak U.S. housing market has significantly reduced the demand for wood products. Between 2006 and 2011, the number of small businesses in Alberta's wood and paper sub-sector has fallen by six per cent.

TABLE 3

Total Small Businesses in Manufacturing, Alberta, 2006 & 2011

Industry Grouping	2006	2011	5-Year Change
Total Manufacturing	**4,695**	**4,390**	**-6%**
Wood & Paper	263	246	-6%
Chemical	203	194	-4%
Plastics & Rubber Products	153	135	-13%
Nonmetallic Mineral Products	210	199	-5%
Metal Fabrication	891	921	3%
Machinery Manufacturing	582	587	1%
Food & Beverage Manufacturing	442	376	-15%

Source: Statistics Canada (Canadian Business Patterns)

A strong Canadian dollar has been a challenge, since it has made Canadian manufactured goods more expensive in export markets. Manufacturers have also found themselves increasingly competing with the energy industry for investment, capital and skilled workers. Overall, there are six per cent fewer small manufacturing businesses than there were five years ago.

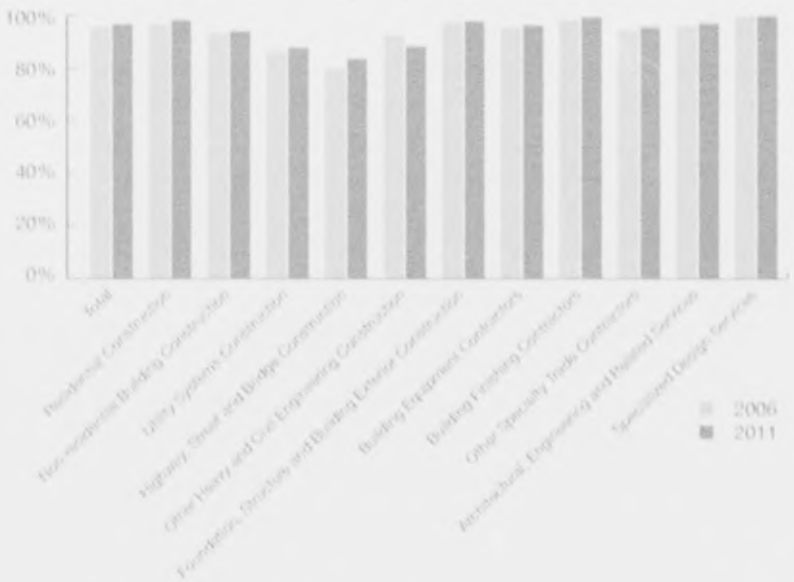
Despite these challenges, small businesses in Alberta's manufacturing sector seem to be on the rebound. In 2011, economic activity in manufacturing rose by nearly 11 per cent compared to the year before. Many manufacturing firms have also taken advantage of the strong Canadian dollar to invest in new equipment and enhance their productivity, positioning them well for future growth.

Architecture, Engineering and Construction

Small businesses play a pivotal role in building homes, highways, developing commercial sites and other infrastructure across the province. In most sub sectors of the architecture, engineering and construction industry, small businesses account for well over 90 per cent of all businesses.

FIGURE 13

Small Businesses as a Percentage of Total Architecture, Engineering and Construction Industry in Alberta



Source: Statistics Canada (Canadian Business Patterns)

The large number of small businesses in this industry is understandable, when you consider the natural flow of a construction project. Architects, engineers and related personnel are usually employed to design the appearance and technical aspects of a project. These are often specialized consulting firms with fewer than 50 employees.

Then, in the construction phase, a general contractor in charge of the project typically makes use of many subcontractors. Subcontractors span a vast range, providing services in everything from foundation work, to exterior construction,

to interior finishing. Often these skilled trades people are part of a small firm that focusses its business on a particular area of building construction.

During the past five years, many governments and private firms have taken advantage of low interest rates, and invested in construction projects. The result has been more economic opportunities for small businesses, and an increase in the number of small businesses in many sub sectors of the industry.

A major stand out has been the building equipment contractors sub sector, where there were nearly 400 new small businesses between 2006 and 2011.

TABLE 4

Total Small Businesses in Architecture, Engineering and Construction, Alberta, 2006 & 2011

Industry Grouping	2006	2011	5-Year Change
Total Architecture, Engineering, and Construction	**24,265**	**24,640**	**2%**
Residential Construction	3526	3773	7%
Non-residential Building Construction	1000	1071	7%
Utility Systems Construction	1060	1043	-2%
Highway, Street and Bridge Construction	327	329	1%
Other Heavy and Civil Engineering Construction	72	97	35%
Foundation, Structure and Building Exterior Contractors	2889	2903	0%
Building Equipment Contractors	3516	3911	11%
Building Finishing Contractors	3393	3655	8%
Other Specialty Trade Contractors	1977	1927	-3%
Architectural, Engineering and Related Services	5935	5358	-10%
Specialized Design Services	570	573	1%

Source: Statistics Canada (Canadian Business Patterns)

The number of small businesses in both residential construction and non residential construction has also grown. As Alberta has welcomed new residents from across Canada and around the world, residential builders have responded to increased demands for housing.

Alberta's relatively quick return to economic growth has meant new commercial activity. Consumers and businesses are spending on retail, vehicles and other products. This has created new demands for non residential construction, such as office buildings and retail outlets.

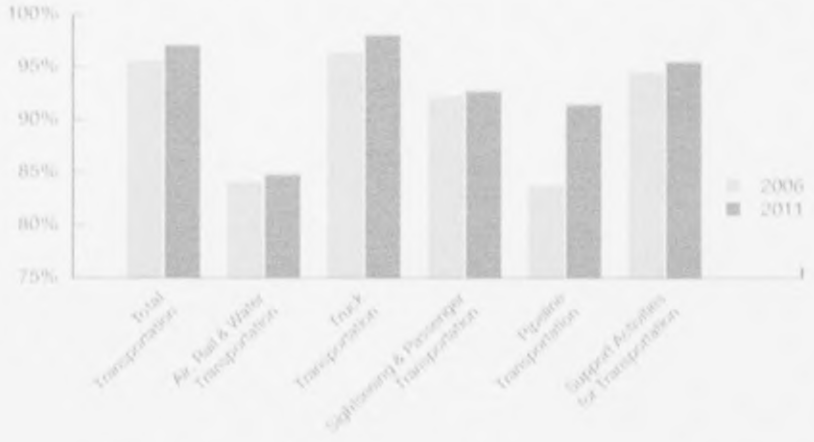
Of note is that between 2006 and 2011 there has been a ten percent decline in small businesses involved in architecture, engineering and related services. This is likely due to mergers between firms in response to the recession. As well, smaller firms may have felt the need to combine forces and grow larger, in order to compete for very large infrastructure projects proposed by industry and government.

Transportation

Transportation is a critical enabler of Alberta's overall economy. Businesses in every industry rely on a smoothly operating transportation system to move their products to markets within the province and beyond our borders. Albertans count on transportation systems in their professional and personal lives — to commute to work, visit customers, attend appointments, or engage in social activities and recreation.

FIGURE 14

Small Businesses as a Percentage of Total Transportation Industry in Alberta



Source: Statistics Canada (Canadian Business Patterns)

There are over 6,000 small businesses in the transportation industry, helping keep our transportation systems dependable and effective. The vast majority of these businesses are in the truck transportation sub-sector. This is not surprising, given Alberta's geographically landlocked position. Trucks are heavily relied upon as a cost-effective way of moving freight to west coast ports and to destinations within the United States.

While there has been a decline in the number of small businesses in trucking between 2006 and 2011, the change is mild when one considers the effects of the recession. Businesses that transport freight directly feel the pinch of an economic downturn, since it translates into fewer goods being shipped. Small trucking businesses appear to have weathered the recession, and will likely experience growth as Alberta's economy bounces back.

There are over 6,000 small businesses in the transportation industry, helping keep our transportation systems dependable and effective.

TABLE 5
Total Small Businesses in Transportation, Alberta, 2006 & 2011

Industry Grouping	2006	2011	5-Year Change
Total Transportation	**6,844**	**6,551**	**-4%**
Air, Rail, & Water Transportation	111	111	0%
Truck Transportation	5,588	5,292	-5%
Sightseeing & Passenger Transportation	373	353	-5%
Pipeline Transportation	92	96	4%
Support Activities for Transportation	680	699	3%

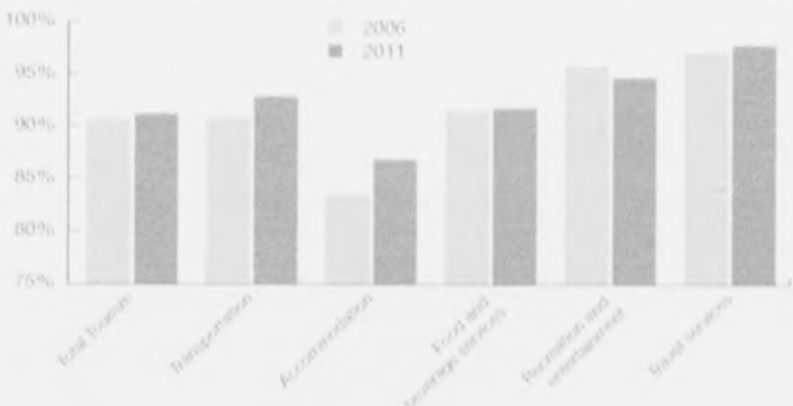
Source: Statistics Canada (Canadian Business Patterns)

The increase in the pipeline transportation sub-sector reflects the continued strength of oil prices, and ongoing investment in oil sands development.

Tourism

With our scenic landscapes, majestic Rocky Mountains, diverse communities and world renowned attractions and festivals, Alberta welcomes a great deal of tourism. The tourism industry supports more than 90,000 jobs in the province. In 2010, the industry generated approximately $5.5 billion in revenues, nearly half of which came from out-of-province visitors.[7]

FIGURE 15
Small Businesses as a Percentage of Total Tourism Industry in Alberta



Source: Statistics Canada (Canadian Business Patterns)

7 Alberta Enterprise and Advanced Education. (2012). *Highlights of the Alberta Economy*. Government of Alberta.

Small businesses in the tourism industry can be found providing a range of services and experiences. Those in the food and beverage sub-sector represent the great majority. These include independent restaurants, caterers, and wineries. Approximately 1,000 other small tourism firms are in the business of providing accommodations to travelers.

Within the tourism sector there has been a decline in the number of small businesses that are focused on recreation and entertainment. This is likely a result of the economic downturn, which has put a dent in the disposable incomes of potential tourists, especially those from the United States. At the same time, a stronger Canadian dollar and higher gasoline prices have made it more expensive for people to take a road trip to Alberta. Cross-border travel has softened, leading to fewer visitors spending money on recreational travel.

On the other hand, Alberta's economic upswing and continued strength in the energy sector have helped boost activity in the accommodation and food and beverage services sub-sectors. For example, energy workers are often staying in hotels and motels and dining at restaurants in smaller communities while they work on drilling and exploration rigs. These businesses are typically small businesses, reaping the indirect benefits of energy development.

Small businesses providing travel services have also experienced a notable decline in their numbers between 2006 and 2011. This is likely a response to changes in the way people arrange for travel. With travel websites and online booking now becoming the norm, traditional travel service businesses are adjusting to the evolving marketplace. Smaller firms may be bowing out, or merging their operations to improve their competitiveness.

TABLE 6

Total Small Businesses in Tourism, Alberta, 2006 & 2011

Industry Grouping	2006	2011	5-Year Change
Total Tourism	**8,628**	**8,766**	**2%**
Transportation	673	637	-5%
Accommodation	988	1,050	6%
Food and beverage services	6,021	6,272	4%
Recreation and entertainment	440	392	-11%
Travel services	506	415	-18%

Source: Statistics Canada (Canadian Business Patterns)

Tagish Engineering

RED DEER, ALBERTA

Thirty years ago, Central Alberta native Wes Williams saw opportunity. With much experience under his belt, including years as assistant engineer for the City of Whitehorse, he knew he enjoyed helping communities grow.

"I have always enjoyed designing and improving the overall living conditions of a community," says Wes. "The challenge is taking the ideas of a community, and using science and engineering, molding them into a project that works for everyone."

In 1982, Wes started Tagish Engineering, providing engineering consultancy services for Red Deer and surrounding areas. Tagish Engineering's main focus is government, primarily central Alberta municipalities.

Tagish provides a range of engineering services including reports and assessments related to water systems, sanitary systems, storm water systems and roads.

The company has grown to 19 full-time employees, including six civil engineers, six technologists and administrative and support staff. It has also developed deep relationships with its clients, helping them adapt to new growth.

Staying agile and adaptable has also been part of the company's success. Wes attributes the company's longevity in part to its client relations. Tagish Engineering prides itself on providing high-quality services to the best of its ability, and doing that efficiently for clients.

Long term clients include Red Deer County, and the towns of Sylvan Lake, Ponoka, Bowden, Rimbey, Innisfail, Stettler and Penhold.

"We acknowledge Tagish Engineering's success is due to the consistent, gradual growth within our company, and the personal attention we give our clients," says Wes.

In 2010 Wes invited staff member and General Manager, Greg Smith on as a partner. "Greg is extremely capable of carrying the company into the next 30 years. His leadership skills bring a freshness and vitality to the company", says Wes.

As he reflects on 30 years as a small business owner, Wes explains the biggest change has been the technology used in engineering. "The advent of computers, the AutoCAD system of doing drawings, and the electronics of surveying have amplified what we do."

Best of all, Tagish Engineering has been a part of the region's history and evolution, which has seen remarkable growth and change over the past three decades. As the company has grown, it has helped central Alberta grow as well. "We are excited to have been involved in communities, where there was once just fields and farmland," reflects Wes.

www.tagish-engineering.com

TAGISH ENGINEERING LTD

3 REGIONAL SNAPSHOT

Small businesses make up the majority of businesses in every region of the province

Small businesses are found in communities across Alberta. They are well represented everywhere, comprising at least 95 per cent of all businesses in each region of the province.

FIGURE 16
Alberta by Region

North West

Forestry, agriculture and oil and gas are among the major industries found in the North West. This region participates significantly in the manufacturing sector, mostly focusing on wood and forest products.

North East

As home to Alberta's largest deposits of oil sands, the North East region has seen considerable economic growth over the past decade. In addition to oil and gas, the regions has considerable forestry and agriculture activity. Construction and retail trade have been among the fastest growing sectors.

Capital

The Capital region has Alberta's largest manufacturing industry and accounts for 40 per cent of the province's manufacturing shipments. The region's largest employers include the health care sector, as well as construction and retail trade.

Central

Agriculture, construction, and oil and gas are the Central region's major economic drivers. This region also contributes to the manufacturing industry, mostly concentrating on the chemical sector.

Calgary

Home to more than a third of Alberta's population, the Calgary region has a diverse economy. On an employment basis, the region's largest industries include retail trade, professional and technical services, health care, and construction.

South

The agriculture sector dominates the economy of the South region, which has fostered the rise of many value added food and beverage manufacturing companies. The region is also a large producer of wind energy and conventional oil and gas.

Not surprisingly, the majority of small businesses are located in the more populated areas of the province. Nearly two thirds of small businesses are in the Calgary and Capital regions. Major urban areas tend to attract large companies and corporate headquarters, spurring local economic activity and creating many opportunities for small businesses.

FIGURE 17

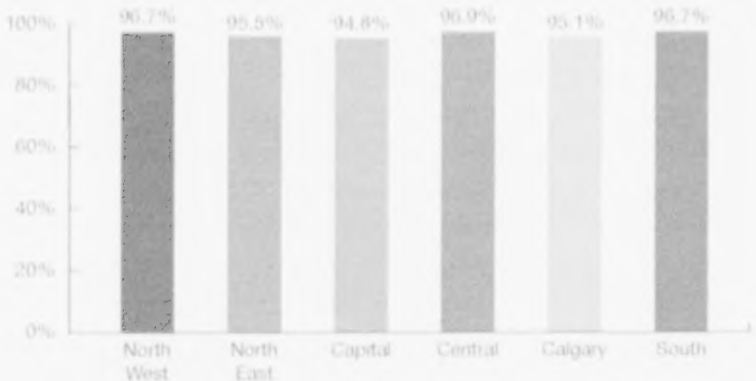
Regional Share of Alberta Small Business, 2011

Source: Statistics Canada (Canadian Business Patterns)

Small businesses are well represented making up at least 95 per cent of the total businesses in each region. This is even the case in the North East region, which is home to many large resource development companies. These large companies tend to rely on small businesses for a variety of products and services to support their complex operations.

FIGURE 18

Small Businesses as a Percentage of All Businesses by Alberta Region



Source: Statistics Canada (Canadian Business Patterns)

Scandia Honey

SCANDIA, ALBERTA

In the small community of Scandia, Alberta, a business with 750 million immigrant employees is enjoying sweet success. Although only 24 of the workers are human and the rest are prone to stinging their employers, Scandia Honey, owned by Reece and Echo Chandler, is the largest beekeeping operation in Canada. It is a hive of activity from spring to fall.

In business since 1937, Scandia Honey was purchased by its current owners in 1996, who then moved to the hamlet on a cold New Year's Day. They spent their first year learning the business from their experienced employees, some of whom are still with the firm. Following a sharp learning curve, and many stings later, this small business is realizing sweet success.

Scandia Honey makes innovative use of the entire calendar year. First and foremost, the Chandlers are beekeepers, ensuring the health of the insects on which they depend. During crop season, Scandia Honey's biggest business isn't honey-making, but canola pollination. Large companies such as Dow, Viterra, Bayer CropScience and Pioneer produce canola seeds that are sold to farmers for canola production. Scandia Honey is paid to ensure its bees touch each flower in the rows of male and female canola plants.

When the Chandlers bought the business, canola pollination was a young concept. But Reece and Echo banked on seed companies' predictions the concept would grow.

"We have a perfect pocket in Scandia," says Reece. "Hot desert-like weather, availability of water through irrigation and isolation of crops to avoid cross-pollination make it a unique and perfect area for canola pollination."

Scandia Honey's second-largest business is bee importing. Harsh winters increase bee mortality, and replacements are required. As the country's largest bee seller, Scandia Honey imports bees from New Zealand ensuring they reach destinations across the country. Last year, the Chandlers imported 15,000 boxes containing a total of 150 million bees.

Honey production comes third. Bees make honey for only a small number of days, so while the quality is good, the quantity is limited.

In the winter, Scandia Honey extracts wax from the honeycombs and ships it to a wax broker in New York for use in cosmetics. Each year the business produces roughly 40,000 pounds (20 tons) for wax rendering.

Scandia Honey has also arranged a sweet relationship with area farmers. Scandia Honey relies on farmers' fields for its bees to find pollen and nectar, and pays them in honey. It's an arrangement that is bringing prosperity to the area, with bees as the common ingredient.

After 16 years of stings and successes, the Chandlers know they'll be staying put for the rest of their lives amid their winged workforce.

"We truly love being out here in Scandia," says Reece.

www.scandiahoney.com

4 SUPPORTING RENEWED GROWTH

With competitive taxes and a healthy climate for business, Alberta's economy is on the rebound. In fact, our province is well positioned to take advantage of new opportunities that will emerge as countries work towards a return to economic growth.

Small businesses have been essential partners in Alberta's economic rebound. Rather than succumbing to a sudden downturn, they have remained innovative and agile. Their numbers have remained stable, and they have remained significant contributors to provincial GDP, private sector employment, and community life.

The future of small business in Alberta continues to look bright. Going forward, worldwide demand for energy, food and fibre resources is likely to increase. Alberta is well positioned to meet these needs, which will translate into many new and exciting opportunities for smaller firms.

Small businesses represent the best of Alberta's entrepreneurial and risk-taking spirit. As they support our province's renewed growth, small businesses are helping our communities remain strong and contributing to sustained prosperity for all Albertans.

Titus Tools

LLOYDMINSTER, ALBERTA

In the City of Lloydminster, a small business that exudes innovation is helping push Alberta's oil industry towards better performance and greater success.

Tracy Klotz has a passion for ideas. With 33 years of experience in the oil industry, he understands the needs of the industry. Tracy started as a roughneck on an oil well service rig. Over the years, he worked his way up to sales and served as a marketing manager for a Calgary based oil tool company.

Since June 1997, Tracy has leveraged that vast experience as President and CEO of Lloydminster based Titus Tools. The goal of his small business is to bring the oil and gas industry new technologies that improve well safety and save time.

Titus Tools invests heavily in development. It addresses unique challenges faced by oil and gas firms, creating innovative oil service tools that are safer, cleaner and more efficient. This includes a range of down hole tools that help enhance production of wells, and recently, a number of tools that will increase the safety of well heads. In this way, Titus is helping protect workers in the oil patch, especially those with less experience.

Innovation is central to the Titus Tools business model. The company has submitted patent applications for many of its tools, and was recently awarded a patent for an original tool. It's a major success for a company that was started with a $15,000 overdraft and a lot of heart. In fact, a desire to make a genuine difference was a major motivator behind the creation of the business.

Today, with about a dozen employees, Titus Tools has found a powerful niche in Alberta' s vast oil and gas industry. Its work is helping improve the competitiveness of the industry, and helping ensure workers in the oil patch come home safely to their families and loved ones.

"Our philosophy is that less time on the well equals greater safety and less cost," says Tracy. "If we want to move forward, we need to make it easier, quicker and safer for people to learn and work."

www.titustools.com

TECHNICAL NOTES

All statistics presented in this document are based on the best data available as of July 2012. The results may differ from estimates produced in other studies using different data and different methodologies. Differences will potentially be more in terms of absolute numbers, rather than the direction of trends or the relative standing of Alberta compared to other provinces. Future editions of the Small Business Profile will incorporate statistical revisions, such that year-over-year comparisons should not be made using this year's edition.

DATA SOURCES

Estimates of the number of businesses are originally based on Statistics Canada's Business Register, from which Alberta Enterprise and Advanced Education purchases a summary product entitled Canadian Business Patterns. Estimates of employment have been produced using Statistics Canada's Survey of Employment, Payrolls and Hours and Labour Force Survey. All small business gross domestic product numbers have been obtained from BC Stats' Small Business Profile report and are transformed into levels using Statistics Canada data for provincial GDP. The age of employees was determined using Statistics Canada's Labour Force Survey.

Alberta
Government

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